

SEALINK TRAVEL GROUP LTD
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FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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SEALINK TRAVEL GROUP LTD
ASX APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results in brief

	Dec 2013 \$m	Dec 2012 \$m	Change \$m	Change %
Revenue from ordinary activities	52.4	47.9	4.5	9.4
Net Profit Before Tax	4.9	5.3	(0.4)	(7.9)
Profit from ordinary activities after tax attributable to members	3.4	5.0	(1.6)	(32.0)

Note - 2013 includes ASX Listing costs of \$0.9m before tax.

Dividends

	Amount per Share Cents	100% Franked Amount per Share Cents
31 December 2013		
Interim Dividend	3.66	3.66
30 June 2013		
Interim Dividend	3.66	3.66
Special Dividend	1.7	1.7
Final Dividend	3.575	3.575

1. The record date for determining entitlements to the interim dividend of 3.66 cents per share is 28 March 2014. The payment date for the interim dividend is 15 April 2014.
2. Final dividend of 3.575 cents per share for the year ended 30 June 2013 was declared 20 August 2013.

Net tangible assets

	Dec 2013 \$	Dec 2012 \$
Net tangible backing per ordinary share	0.564	0.413

The report is based on accounts which have been reviewed by the auditor of SeaLink Travel Group Ltd. There have been no matters of disagreement and a report of its review appears in the half-yearly financial report.

This report should be read in conjunction with the Statutory Accounts for the year ended 30th June, 2013.

Signed:



G.M. Ursini
Chairman
17 February 2014

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Board of Directors of SeaLink Travel Group Ltd has pleasure in submitting its report for the half-year ended 31 December, 2013.

Directors

The names and of the Company's directors in office during the half-year and until the date of this report are set out below. Directors have been in office for the entire period unless otherwise stated.

Giuliano M. Ursini – (B. Arch, F.R.A.I.A.) - Chairman

Jeffrey R. Ellison (BA (Acc), FCA, FAICD) - Managing Director and Chief Executive Officer

Frederick A. Mann - (FCA, MAICD)

Christopher D. Smerdon - (MAICD)

William T. Spurr - (B.App.Science, B.Ec., Dip T, F.A.I.C.D.)

Terry J. Dodd

Lucinda (Lucy) Hughes Turnbull AO - (LLB (USyd), MBA (UNSW)) – Appointed 1 August, 2013.

Review of operations and results

Result Overview

SeaLink Travel Group (STG) continued its sales growth and achieved solid profit returns during the first half of 2013/14.

The company recorded a net profit before tax (PBT) of \$4.9m compared to \$5.3m for the previous half. Included in the 2013/14 half year result were share listing expenses of \$0.9m incurred in the capital raising of a gross \$16.5m. Excluding these expenses, the adjusted PBT for the half year was \$5.8m, up 9.2% over the previous half year to December 2012.

Net Profit after Tax (NPAT) was \$3.4m compared to an NPAT of \$5.1m for the December 2012 half year. From a comparative perspective, the December 2012 half year included an income tax credit of \$1.3m to remove a deferred tax liability overstatement whilst the December 2013 half year NPAT included the after-tax effect of the share listing costs of \$0.6m.

Growth in the adjusted PBT reflected a substantially higher contribution from SeaLink's Captain Cook operations compared to 2012 due to higher turnover and consequent margin. Revenue growth came through a new contract with Harbour City Ferries, increased patronage for the Hop-on Hop-off ferry product as demand grew and a very successful October trading period which included the International Fleet Review. The Murray Princess also experienced solid revenue and gross margin increases.

In a very competitive environment, revenue increased by 9.4% on the back of expansion into Darwin and growth in its core businesses of Captain Cook Cruises and Kangaroo Island SeaLink. Turnover from SeaLink Queensland in Townsville were flat as the backpacker market remains subdued in that region.

STG continued to invest in an increased vessel fleet to accommodate new contractual ferry commitments and the expansion into Darwin with 2 new vessels added during the reporting period as well as a contract signed for the construction of a further 2 new "rocket" type vessels for Sydney Harbour. This will take the overall vessel fleet size to 24.

STG continued to invest in its foundations with major upgrades to several vessels and into Kangaroo Island through the development of a new ferry terminal at Penneshaw. Completion of the terminal is expected in March 2014.

STG directors today declared a fully franked \$0.0366 per share interim dividend.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (cont)

Review of Operations

STG's achievements in its key business segments for the first half were-

- Expansion of new ferry services from Darwin to Mandoorah and Tiwi Islands;
- Widening of services in Sydney Harbour with new contractual arrangements with Harbour City Ferries, the Biennale Festival and Sydney Convention Centre;
- New 5 year service contract for Palm Island ferry service; and
- Upgrades to the Sealion 2000, John Cadman 2 and Murray Princess vessels.

Kangaroo Island SeaLink

The business unit had a solid first half where revenue increased by 2.4% to \$26.3m on the back of increased traffic flow to Kangaroo Island. Passengers increased by 1.8% whilst vehicles increased by 1.9%. Freight remains flat reflecting lower crop output and economic conditions.

Turnover from SeaLink's retail travel centres reduced by \$0.7m. This area remains under constant review as tourists book more of their holidays direct through the internet.

The Sealion 2000 underwent a major upgrade where a total of \$2.8m was invested in the vessel of which \$1.7m was capitalised. This included amongst other things new engines, gearboxes, generators, carpet and air conditioning. The new engines will generate fuel savings as well as lower repairs over the next 5 years.

SeaLink also invested in its gateway to Kangaroo Island at Penneshaw, with a new Terminal under construction. The Terminal is expected to be completed in the first quarter of 2014 and will cost in excess of \$3.4m. Once completed, SeaLink will add further quality to their customer experience as well as sell local Kangaroo Island produce to visitors.

Captain Cook Cruises

The first half of 2013-14 saw some major improvements in the business as well as growth in its profitability.

In October 2013, the Company signed an agreement with Harbour City Ferries (managing Sydney Ferries), to provide charter vessels through its subsidiary Captain Cook Cruises for additional passenger ferry services on Sydney Harbour. Under the agreement, charter operator Captain Cook Cruises will provide three fully crewed, fast, low-wash ferries to Harbour City Ferries for three years. Service commencement dates will be progressive, and aligned to the construction of additional vessels by SeaLink. The first charter vessel commenced in October 2013.

A newly constructed state-of-the-art passenger vessel, Elizabeth Cook, was delivered to Captain Cook Cruises in January 2014 and commenced services for Harbour City Ferries on 3rd February 2014. A further two vessels are under construction and due for delivery to Sydney in May and June this year when the third vessel will commence charter services with Harbour City Ferries.

The Company also was recently awarded a contract for the provision of passenger transfers for the Biennale of Sydney art festival and a three-year arrangement to carry convention-goers to the recently opened temporary facilities at Glebe Island.

Passenger numbers grew by 1.1% which helped increase revenue by \$2.5m to \$20.1m.

In January 2014, the Company purchased its latest vessel, Freedom Sovereign for \$3.06m. This vessel was funded from debt facilities, and is being used initially in Sydney on the popular Hop-On, Hop-Off service and as a back-up to the existing Rocket fleet. The vessel has the capability to offer expanded Hop-On, Hop-Off services to Manly which is a key objective and targeted for the 2014 calendar year.

During the period, the John Cadman 2 vessel underwent a major upgrade and now presents as a quality dinner cruise and charter offering. The vessel also acts as a back-up to the Sydney 2000.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (cont)

Other changes to the business-

- The vessel, the Rocket V was sold during the period as part of the fleet management plan which is based on maintaining a modern quality offering.
- Further rooms for the Murray Princess were upgraded as part of its ongoing refreshment plan to renew all rooms.
- Four berths under lease at Pier 26 were not renewed as part of a cost rationalisation programme.

SeaLink Queensland

The Townsville Business Unit's focus in the December first half was in establishing a new operation out of Darwin. Revenue from Townsville operations was flat as lower charters offset the higher turnover achieved from a permanent 5 day service into Palm Island. Turnover from the Magnetic Island operation grew marginally.

In December 2013, the Company signed a new 5 year contract for a permanent 5 day service to Palm Island. Sealink is also currently pursuing a 5 year agreement for the Magnetic Island service, as the existing agreement matures in March 2014.

The Company is also involved in a project to upgrade the wharf on Palm Island which will allow berthing at scheduled times, rather than rely on tidal movements. The project is expected to be completed in June 2014 and will provide cost savings into Townsville.

SeaLink Northern Territory

In September 2013, the Company commenced ferry passenger services in the Northern Territory. These services run from Cullen Bay, Darwin to Mandorah and from Cullen Bay to the Tiwi Islands. SeaLink, which operates under the SeaLink NT brand, was awarded these tenders following a competitive process.

The vessel, the James Grant was purchased for \$1.5m in September 2013 to act as the core vessel on the Mandoorah route. The Pacific Cat, which was based in Townsville, was relocated to Darwin and provides the Tiwi service.

The Mandoorah contract is for a 5 year period whilst the Tiwi contract was for an initial term of 12 months. Based on the higher than expected passenger demand for this service, the NT Government is now in discussion with SeaLink to expand the contract to 5 years.

Expansion into Darwin has spread the Group's geographical coverage adding to Company earnings.

Dividend

STG's directors today declared a 3.66 cents per share fully franked interim dividend payable on 15 April 2014 to shareholders registered on 28 March 2014. Removing the after-tax effect of share listing costs, this represents a 62.9% return of after tax profit to shareholders, in line with STG's policy of returning 50-70% of after-tax profit, subject to business needs and ability to pay. The interim dividend for the half-year ended 31 December 2012 was 3.66 cents per share.

The Board will continue to consider STG's growth requirements, its current cash position, market conditions and the need to maintain a healthy balance sheet, when determining future returns.

Listing

In October 2013, the Company issued 15,000,000 ordinary shares at an offer price of \$1.10 raising gross proceeds of \$16,500,000. The Company expended \$1,163,720 to raise these funds. Of this gross amount, \$249,369 less \$74,811 of associated deferred tax asset was allocated to contributed equity whilst an amount of \$914,352 was expensed to the profit and loss account.

Following the fully subscribed offer, the Company's ordinary shares were listed on the ASX on 16 October, 2013.

Net proceeds were used to repay existing debt as well as fund the acquisition of 2 new vessels, the Elizabeth Cook (Sydney) and the James Grant (Darwin). This has strengthened STG's balance sheet for future expansion. Interest bearing liabilities reduced by \$8.3m during the reporting period whilst cash on hand increased by \$2.4m.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (cont)

Matters subsequent to the end of the financial half year

The Company acquired the vessel, the Freedom Sovereign on 7 January, 2014 for a cost of \$3.06m. The vessel will be used initially to service existing contracts on Sydney Harbour. The acquisition was funded from existing debt facilities

Apart from the above, there are no significant events after the end of the reporting period which have come to our attention.

Outlook

Given average seasonal and business conditions remain over the next four months, the business is well positioned to capitalise on the full year benefits of several first half initiatives, being the opening of Darwin and new Sydney Harbour contracts. The Company expects to achieve its Prospectus forecasts for the full year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the directors.
On behalf of the directors



G. M. URSINI
DIRECTOR

Adelaide
Date: 17 February 2014



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working world

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Auditor's Independence Declaration to the Directors of Sealink Travel Group Limited

In relation to our review of the financial report of Sealink Travel Group Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
17 February 2014

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 2013 \$	Consolidated 2012 \$
Continuing Operations			
Revenue		51,854,440	47,719,784
Other income		593,960	201,260
Total income	14	<u>52,448,400</u>	<u>47,921,044</u>
Direct Operating Expenses-			
Direct wages		11,190,136	9,778,779
Repairs and maintenance		3,328,730	2,835,551
Other direct expenses		20,754,258	19,483,681
Administration Expenses-			
Indirect wages		6,841,744	6,162,996
General and administration		2,817,276	2,457,196
Marketing and selling		938,948	993,610
Financing charges		758,586	882,684
Listing costs	9	914,352	-
Total Expenses		<u>47,544,030</u>	<u>42,594,497</u>
Profit before tax from continuing operations		4,904,370	5,326,547
Income tax expense	5	<u>1,473,235</u>	<u>276,345</u>
Profit for the year from continuing operations		<u>3,431,135</u>	<u>5,050,202</u>
Profit for the year		3,431,135	5,050,202
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax		<u>3,431,135</u>	<u>5,050,202</u>
Profit and total comprehensive income for the period is attributable to:			
Owners of the parent		<u>3,431,135</u>	<u>5,050,202</u>
Earnings per share-			
Basic, profit for the period attributable to ordinary equity holders of the parent		\$ 0.056	\$ 0.092
Diluted, profit for the period attributable to ordinary equity holders of the parent		\$ 0.050	\$ 0.081

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Consolidated 31 DECEMBER 2013 \$	Consolidated 30 JUNE 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	7	3,424,504	1,005,302
Trade and other receivables		3,733,659	2,186,284
Other financial assets	8	177,183	-
Inventories		1,237,467	1,035,082
Prepayments		1,319,228	1,253,304
TOTAL CURRENT ASSETS		9,892,041	5,479,972
NON-CURRENT ASSETS			
Property, plant and equipment		58,579,819	50,496,529
Intangible assets		6,718,392	6,718,392
Deferred tax assets		2,230,273	1,849,424
TOTAL NON-CURRENT ASSETS		67,528,484	59,064,345
TOTAL ASSETS		77,420,525	64,544,317
CURRENT LIABILITIES			
Trade and other payables		11,404,497	8,268,072
Interest bearing loans and borrowings	8	1,094,888	2,238,744
Current tax liabilities		1,150,910	330,474
Provisions		3,992,770	3,715,511
TOTAL CURRENT LIABILITIES		17,643,065	14,552,801
NON-CURRENT LIABILITIES			
Trade and other payables		434,419	463,824
Interest bearing loans and borrowings	8	10,037,262	17,197,666
Deferred tax liabilities		812,362	656,601
Provisions		842,562	877,897
TOTAL NON-CURRENT LIABILITIES		12,126,605	19,195,988
TOTAL LIABILITIES		29,769,670	33,748,789
NET ASSETS		47,650,855	30,795,528
EQUITY			
Contributed equity	9	25,076,442	8,751,000
Reserves		464,091	464,091
Retained earnings		22,110,322	21,580,437
TOTAL EQUITY		47,650,855	30,795,528

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

<u>Consolidated</u>	Note	CONTRIBUTED EQUITY \$	RETAINED EARNINGS \$	SHARE OPTION RESERVE \$	TOTAL \$
Balance at 1st July, 2012		8,751,000	18,583,100	462,013	27,796,113
Profit for the period		-	5,050,202	-	5,050,202
Total comprehensive income for the period		-	5,050,202	-	5,050,202
Transactions with owners in their capacity as owners-					
Dividends paid or provided for	13	-	(2,013,000)	-	(2,013,000)
Share options expense		-	-	2,078	2,078
Balance at 31st December, 2012		8,751,000	21,620,302	464,091	30,835,393
Balance at 1st July, 2013		8,751,000	21,580,437	464,091	30,795,528
Profit for the period		-	3,431,135	-	3,431,135
Total comprehensive income for the period		-	3,431,135	-	3,431,135
Transactions with owners in their capacity as owners-					
Dividends paid or provided for	13	-	(2,901,250)	-	(2,901,250)
Issue of share capital	9	16,325,442	-	-	16,325,442
Balance at 31st December, 2013		25,076,442	22,110,322	464,091	47,650,855

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 2013 \$	Consolidated 2012 \$
Cash flows from operating activities			
Receipts from customers		50,608,367	46,846,804
Payments to suppliers and employees		(41,619,505)	(35,578,612)
Net GST paid		(416,299)	(1,441,288)
Interest received		26,387	12,175
Interest paid		(758,586)	(882,685)
Income tax (paid) / received		(803,076)	167,081
		<u>7,037,288</u>	<u>9,123,475</u>
Net operating cash flows			
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	6	<u>95,041</u>	<u>15,898</u>
		<u>95,041</u>	<u>15,898</u>
Cash was disbursed to:			
Payments for property, plant and equipment		(9,758,248)	(536,244)
Receipt of government grants		-	200,000
		<u>(9,758,248)</u>	<u>(336,244)</u>
Net investing cash flows			
		<u>(9,663,207)</u>	<u>(320,346)</u>
Cash flows from financing activities			
Proceeds from capital raising	9	16,250,631	-
Repayment of borrowings		(7,002,694)	(5,381,799)
Dividend paid	13	(2,901,250)	(2,013,000)
		<u>6,346,687</u>	<u>(7,394,799)</u>
Net financing cash flows			
		<u>3,720,768</u>	<u>1,408,330</u>
Net (decrease)/increase in cash held			
Cash at the beginning of the financial year		<u>(296,264)</u>	<u>1,575,493</u>
Cash at the end of the half year ended 31 December	7	<u>3,424,504</u>	<u>2,983,823</u>

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1 Corporate Information

The interim consolidated financial statements of the Group for the six months ended 31 December 2013 were authorised for issue in accordance with a resolution of Directors on 17 February, 2014.

Sealink Travel Group Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The Company listed on the Australian Stock Exchange on 16 October, 2013. The principal business units of the Company and its subsidiaries (the Group) are described in Note 14.

2 Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The adoption of AASB 10 had no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-7.

AASB 13 Fair value measurements

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirement for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The adoption of AASB 13 had no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-8 which has resulted in additional disclosures around the fair values of financial instruments. Refer to Note 8 for the additional disclosure.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Seasonality of Operations

The Group provides products in the areas of transport and tourism services into Australia, the latter being quite seasonal with stronger turnover in the summer months. December has a high concentration of turnover. As such, revenues and operating profits are expected to be slightly higher during the first half of the year.

This information is provided to allow for a proper appreciation of the results, however management have concluded that this does not constitute "highly seasonal" as considered by AASB 134 Interim Financial reporting.

4 Impairments

Goodwill is tested for impairment annually (as at June 30) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model.

The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 30 June 2013.

There were no changes in the carrying value of goodwill allocated to the cash generating units.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

5 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e. the estimated annual effective tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the statement of comprehensive income are-

	For the six months ended 31 December	
	2013	2012
	\$	\$
Current income tax expense	1,548,624	1,613,915
Deferred income tax expense	(75,274)	(1,151,393)
Under (over) provision in respect of prior years	(115)	(186,177)
Income tax expense from continuing operations	1,473,235	276,345

6 Property, plant and equipment

Acquisitions and Disposals

During the six months ended 31 December 2013, the Group acquired assets with a cost of \$7,296,781 (2012: \$536,244), excluding plant and equipment acquired through property and vessels under construction.

The Group is near completion in constructing the Penneshaw Terminal which is due to be completed in the first quarter of 2014. The carrying amount net of grants received as at 31 December is \$2,837,665 (2012: \$102,995).

The Group also is constructing 2 further "Rocket type" vessels for use on Sydney Harbor and are due to be completed in the first half of 2014. The carrying amount of the Work in Progress for these vessels as at 31 December is \$514,390 (2012: \$nil).

Assets with a net book value of \$141,337 were disposed of by the Group during the six months ended 31 December 2013 (2012: \$25,678) resulting in a net loss on disposal of \$46,296 (2012: \$9,780 loss)

Refer also to Note 10 for capital commitments.

7 Cash and Cash equivalents

Reconciliation of cash

For the purposes of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following-

	31 December 2013	30 June 2013
	\$	\$
Cash	3,054,060	1,005,302
Cash on deposit	370,444	-
Total cash	3,424,504	1,005,302
Bank overdraft	-	(1,301,566)
Total cash and cash equivalents	3,424,504	(296,264)

8 Other financial assets and financial liabilities

Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities at fair value through profit and loss are those fuel forward contracts that are not designated in hedge relationships. These instruments are entered into to reduce the volatility in the fuel cost for a portion of purchases made based on management expectations. The Group does not apply hedge accounting to these contracts.

Although the company has not changed its policy in relation to managing fuel pricing risk, during the six month period ended 31 December 2013, higher fuel prices has created an increase in the value of the fuel forward contracts. As such, a credit to the profit and loss of \$177,183 (2012: nil) was recorded.

This fuel contract is categorised as Level 2 within the fair value hierarchy. The fuel contract is measured based on a combination of observable spot rates and the yield curve of the respective currency.

Interest bearing loans and borrowings have a fair value of \$11,251,757 and a carrying value of \$11,132,150.

Borrowing and repayment of debt

Following the listing of the Company on the ASX and the consequent receipt of the gross proceeds of \$16.5m from the listing, borrowings of \$13.1m were repaid as the associated bill based loans matured in October and November, 2013.

9 Contributed Equity

	Contributed Equity		No. of Shares on Issue	
	For the six months ended 31 December		For the six months ended 31 December	
	2013	2012	2013	2012
Issued and fully paid ordinary shares-				
Opening balance	8,751,000	8,751,000	55,000,000	55,000,000
Issue of 15,000,000 shares in October 2013	16,325,442	-	15,000,000	-
Total	25,076,442	8,751,000	70,000,000	55,000,000

In October 2013, the Company issued 15,000,000 ordinary shares at an offer price of \$1.10 raising gross proceeds of \$16,500,000. The Company expended \$1,163,721 to raise these funds. Of this gross amount, \$249,369 less \$74,811 of associated deferred tax asset was allocated to contributed equity whilst an amount of \$914,352 was expensed to the profit and loss account. Following the fully subscribed offer, the Company's ordinary shares were listed on the ASX.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

10 Commitments and Contingencies

Consolidated 31 DECEMBER 2013	Consolidated 31 DECEMBER 2012
\$	\$
Capital commitments	
Capital expenditure commitments:	
Penneshaw Terminal (gross unexpended amount)	2,697,005
Vessels and buses	-
7,934,470	-

Contingencies

There were no contingencies of material note as at 31 December 2013.

11 Related party transactions

During the half year, the following purchases/services were made with entities associated with directors at normal market prices -

- Purchases and services totalling \$19,874 from Vectra Corporation Ltd, a company associated with Mr C Smerdon (2012: \$176);
- Purchases and services totalling \$50,333 from Coachlines Australia and Tourism and Allied, companies associated with Mr C Smerdon (2012: \$36,278);
- Purchases and services totalling \$6,881 from Pacific Marine, a company associated with Mr T Dodd (2012: \$3,267);
- Purchases and services totalling \$131,235 from Sydney Fast Ferries, a company associated with Mr T Dodd (2012: \$146,674).

12 Events reported after balance date

The company acquired the vessel, the Freedom Sovereign on 7 January, 2014 for a cost of \$3.06m. The vessel will be used initially to service existing contracts on Sydney Harbour. The acquisition was funded from existing debt facilities.

A fully franked dividend of \$2,562,000 representing 3.66 cents per share was declared by the Directors on 17 February 2014 to be paid 15 April 2014.

Apart from the above, no events have occurred subsequent to year end which would, in the absence of disclosure, cause the financial report to be misleading.

13 Dividends paid and proposed

	For the six months ended 31 December	
	2013	2012
Dividends on ordinary shares declared and paid during the six month period:	\$	\$
Final dividend for 2013: 3.575 cents (2012: 3.66 cents)	1,966,250	2,013,000
Special dividend for 2013 paid July 2013: 1.7 cents (2012: nil)	935,000	-
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 31 December):		
Interim dividend for 2014: 3.66 cents (2013: 3.66 cents)	2,562,000	2,013,000

14 Operating Segment Information

For management purposes, the Group is organised into business units and has 3 main reporting segments -

- Kanagaroo Island Sealink ("KIS") including Head Office;
- Captain Cook Cruises ("CCC"); and
- Sealink Queensland ("SQ") which includes the operations of Sealink Northern Territory.

The Board and Executive Committee monitors the operating results of each business unit separately for the purpose of making decisions about strategy, resource allocation, cost management and performance assessment. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements. Group income taxes are managed on a Group basis and are not allocated to the segments below.

Half Year ended 31 December 2013

	KIS \$	CCC \$	SQ \$	Corporate \$	Eliminations \$	Consolidated \$
Total Revenue	26,291,180	20,069,500	7,437,722	944,565	(2,294,567)	52,448,400
Results						
Depreciation	644,860	671,518	309,510	24,763	-	1,650,651
Segment profit before allocations - continuing operations	3,894,969	1,762,849	975,966	(1,729,414)		4,904,370
Less Corporate allocations	(1,392,286)	(255,882)	(81,246)	1,729,414		-
Segment profit before tax - continuing operations after	2,502,683	1,506,967	894,720	-	-	4,904,370

Inter-segment revenues are eliminated on consolidation and reflected in the eliminations column.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

14 Operating Segment Information (cont)

Half Year ended 31 December 2012

	KIS \$	CCC \$	SQ \$	Corporate \$	Eliminations	Consolidated
Total Revenue	25,684,380	17,589,943	5,960,644	491,918	(1,805,841)	47,921,044
Results						
Depreciation	720,755	547,858	302,571	18,400	-	1,589,584
Segment profit before allocations - continuing operations	4,313,239	1,027,946	950,562	(965,200)	-	5,326,547
Corporate allocations	(848,559)	(70,461)	(46,179)	965,200	-	-
Segment profit before tax - continuing operations	3,464,680	957,485	904,383	-	-	5,326,547

The following table presents segment assets and liabilities of the Group's operating segments-

At 31 December 2013

Operating assets	28,718,896	29,738,950	16,682,102	50,304	-	75,190,252
Operating liabilities	13,281,295	9,138,337	5,386,766	-	-	27,806,398

At 30 June 2013

Operating assets	22,413,371	24,956,671	15,256,126	68,725		62,694,893
Operating liabilities	19,737,741	7,644,396	5,379,577	-		32,761,714

Reconciliation of assets and liabilities

	Consolidated 31 DECEMBER 2013 \$	Consolidated 30 JUNE 2013 \$
Segment operating assets	75,190,252	62,694,893
Deferred tax assets	2,230,273	1,849,424
Group total assets	<u>77,420,525</u>	<u>64,544,317</u>
Segment operating liabilities	27,806,398	32,761,714
Current tax liabilities	1,150,910	330,474
Deferred tax liabilities	812,362	656,601
Group total liabilities	<u>29,769,670</u>	<u>33,748,789</u>



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To the members of Sealink Travel Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sealink Travel Group Limited which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sealink Travel Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sealink Travel Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
17 February 2014